

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6512**

**BILL NUMBER:** SB 252

**NOTE PREPARED:** Dec 15, 2005

**BILL AMENDED:**

**SUBJECT:** Enterprise Zone Investment Deduction.

**FIRST AUTHOR:** Sen. Weatherwax

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:**     **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** The bill provides that a taxpayer is entitled to an Enterprise Zone Investment Deduction in a military installation designated as an Enterprise Zone only if the deduction is approved by the Military Base Reuse Authority Board.

**Effective Date:** July 1, 2006.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** The state levies a small tax rate for State Fair and State Forestry. Any impact on these levies due to the bill would be very minimal.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** *Summary:* The bill could potentially reduce the number of property tax deductions that would otherwise be claimed for certain real and personal property investment in the Enterprise Zones (EZs) located at Ft. Benjamin Harrison or the Indiana Army Ammunition Plant in Clark County. However, any reduction would depend on action by the reuse authority boards administering these two EZs.

*Background Information:* The EZ Investment Deduction allows the increase in AV from "qualified investment" in real and/or personal property of an EZ business to be deducted for up to 10 years. A taxpayer must apply to the county auditor to claim the deduction for a particular year. The county auditor would determine whether the taxpayer is eligible for the deduction. Qualified investment at an EZ location includes: (1) purchase of a

building, new manufacturing or production equipment, or new computers and related office equipment; (2) costs associated with the repair, rehabilitation, or modernization of an existing building and related improvements; (3) onsite infrastructure improvements; (4) construction of a new building; and (5) costs associated with retooling existing machinery. The bill applies to the two EZs in the state that are under the jurisdiction of a military base reuse authority board - the Ft. Benjamin Harrison Reuse Authority and the Indiana Army Ammunition Plant Reuse Authority.

**State Agencies Affected:**

**Local Agencies Affected:** Ft. Benjamin Harrison Reuse Authority; Indiana Army Ammunition Plant Reuse Authority.

**Information Sources:**

**Fiscal Analyst:** Jim Landers, 317-232-9869.